



SYNOPSIS

TAKING ACTION: A best practice framework for the management of psychological claims.

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Purpose of your paper: To provide delegates with a best practice framework developed initially with the group life insurance industry and then adapted for use in the workers compensation sector. To outline lessons learned through this project about the similarities and differences between the two sectors in the management of psychological claims. Delegates will be informed on where the two sectors stand in consideration of their practice against best practice in the workers' compensation sector and the wider insurance sector. The framework has been developed for insurers and claims agents to help them achieve the best outcome for people with a psychological claim by examining all areas of the business from claims management practices to the use of analytics and automation to improve decision making and claims management.

Synopsis:

Background

Psychological claims account for 15 per cent of insurance claims in Australia but make up 50 per cent of the cost.

Making a claim can be a confusing and stressful experience, during an often distressing time in someone's life. When managed well the claims process will provide a pillar of support to the person on claim during their time of greatest need. However, if managed poorly, the claims process may impact a person on claim's ongoing psychological recovery resulting in poor outcomes for both the person making the claim and the Insurer tasked with supporting them.

Framework development

In 2015, [SuperFriend](#) published [TAKING ACTION: a Best Practice Framework for the Management of Psychological Claims](#). The world-first Framework is based on the latest evidence and also draws upon examples of innovation to improve outcomes in the insurance and other sectors from Australia and overseas. The Framework was developed using a collaborative and consultative approach involving more than 60 representatives from the group life insurance and superannuation sector, and experts from mental health, vocational rehabilitation and compensation health who took part in a workshop as part of the project.

The Framework provides practical recommendations for improving psychological claims management in both the Group Life Insurance and broader Personal Injury Sectors and is based on three pillars:

1. The philosophy of 'centring the Person on Claim'
2. Acknowledgement that there are three levels of intervention, and hence improvement, in any system: the macro, the meso and the micro
3. The principle of Continuous Improvement.

The document provides an overview of all of the interlinked areas for strategic action to harness



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evidence-informed best practice for the management of psychological claims. The framework consists of eight key action areas:

1. Developing the management practices for psychological claims
2. Optimising claims management team
3. Bringing evidence to treatment and rehabilitation
4. Effective decision making supported by analytics and automation
5. Tailored support for the person on claim
6. Transforming product design
7. Engaging employers in stay at work/return to work
8. Recording progress

Modifying the Framework for workers' compensation

Each year there are nearly 8 000 accepted workers' compensation claims for serious psychological injuries (those resulting in more than one week off work) in Australia accounting for 6 per cent of all claims. The median cost of psychological claim is \$23 600 – two and half times greater than for all claims and the median time lost at 14.8 weeks is nearly three times greater than for all claims. Each year nearly \$500 million is paid in workers' compensation payments (includes weekly incapacity payments and medical costs) for psychological injuries.

With the support of SuperFriend, in 2016 Safe Work Australia commenced a project to modify SuperFriend's existing TAKING ACTION framework for the Australian workers' compensation sector.

Safe Work Australia commissioned a review to update the evidence that had been synthesised in the SuperFriend project and formed a working group to guide the adaptation of the Framework. Broader consultation was conducted with insurers, injured workers (Person on Claim) and employers at two stages: initially to clarify information needs and preferred formats; and later to obtain feedback on a draft framework.

Although there were many issues in common between the workers' compensation and group life insurance sectors, three key differences were identified. These are:

1. In workers' compensation there are legislative requirements of the employer in relation to return to work.
2. Group life insurance is usually offered in partnership with superannuation funds. The relationship between these two parties is of major importance in this sector. This relationship does not exist, currently in the workers' compensation sector.
3. Workers' compensation insurers fund medical treatment as well as support for return to work; group life insurers are prevented by legislation from funding medical treatment.

Safe Work Australia anticipates that the best practice framework for the management of psychological claims in the workers' compensation sector will be completed by August 2017.

Conclusion

Psychological injury claims are often more difficult and complex than claims for physical injuries or illness, which is why it is important to promote awareness of mental health and provide evidence based guidance on how to confidently manage these claims and return the Person on Claim to work as soon as reasonably possible.



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Practice in the group life sector has strengths related to its links to the superannuation funds, and emerging innovative partnerships with third parties, whereas the regulated environment in which it operates limits innovation in the workers' compensation sector. However, regulation has provided a mandate for employers to engage on return to work, which has seen a stronger capability. To date innovation in both sectors has tended to be at the micro level. Potential improvements through system changes at the insurer and societal levels are only beginning to be understood and explored. The growing realization of commonality across personal injury insurance and disability support is expected to have significant impact in this area.

Importantly, the Framework and Action Area Guides will enable organisations to build internal capacity as well as provide a basis for encouraging cross-industry collaborative relationships and initiatives with other jurisdictions and organisations, in order to achieve best practice in psychological claims management in Australia. The resulting outcomes have the potential to positively impact on thousands of Australians who struggle with psychological illness every year.

Further information

Electronic copies of both frameworks along with the currently developed action area guides are available. Hardcopies were printed in limited quantities and may also be available. For further information please contact [SuperFriend](#) or [Safe Work Australia](#).